

**RULES  
OF  
DEPARTMENT OF COMMERCE AND INSURANCE  
DIVISION OF REGULATORY BOARDS  
TENNESSEE STATE BOARD OF ACCOUNTANCY**

**CHAPTER 0020-1  
BOARD OF ACCOUNTANCY, LICENSING AND REGISTRATION REQUIREMENTS**

**TABLE OF CONTENTS**

0020-1-.01	Definitions	0020-1-.09	Denial of Certificate
0020-1-.02	Board Meetings	0020-1-.10	Reinstatement of Revoked or Suspended Licenses
0020-1-.03	Board Officers	0020-1-.11	Application and Renewal of CPA and PA Firm Permits
0020-1-.04	Fees	0020-1-.12	Notification of Firm Changes
0020-1-.05	Applications	0020-1-.13	Interstate Practice
0020-1-.06	Examinations	0020-1-.14	International Reciprocity
0020-1-.07	Cheating	0020-1-.15	Repealed
0020-1-.08	Renewal of Licenses		

**0020-1-.01 DEFINITIONS.**

- (1) Unless otherwise stated, as used in this chapter and each subsequent chapter of the Rules of the State Board of Accountancy:
  - (a) “Act” means the Tennessee Accountancy Act of 1998, Tenn. Code Ann. §62-1-101 et seq.;
  - (b) “Accounting service” means accounting, attest, tax, consulting or management advisory services;
  - (c) “AICPA” means the American Institute of Certified Public Accountants;
  - (d) “Attest” shall be defined as in Tenn. Code Ann. §62-1-103;
  - (e) “Board” shall be defined as in Tenn. Code Ann. §62-1-103;
  - (f) “Certificate” shall be defined as in Tenn. Code Ann. §62-1-103;
  - (g) “CPA” means “Certified Public Accountant” and shall be defined as in Tenn. Code Ann. § 62-1-103;
  - (h) “Financial statements” means statements, footnotes and other supplementary information related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules;
  - (i) “License” or “Licensing” means a CPA certificate or a public accountant registration granted by the Board;
  - (j) “Member” means member in a limited liability company;
  - (k) “NASBA” means the National Association of State Boards of Accountancy;

(Rule 0020-1-.01, continued)

- (l) “Permit” means a permit to practice as a CPA or PA firm issued under §§62-1-108, 62-1-109 or corresponding provisions of prior law;
- (m) “Partnership” or “Corporation” shall include any form of business organization authorized under the laws of this or any other state;
- (n) “Practice of public accountancy” means providing or offering to provide attest services to the public, or using the titles “certified public accountant,” “public accountant,” “CPA,” or “PA”;
- (o) “PA” means “Public Accountant” and shall be defined as in Tenn. Code Ann. § 62-1-103;
- (p) “Registration” shall be defined as in Tenn. Code Ann. §62-1-103;
- (q) “Report” shall be defined as in Tenn. Code Ann. §62-1-103. This term, as defined in Tenn. Code Ann. §62-1-103 of the Act and used in Tenn. Code Ann. §62-1-108 of the Act, and in these Rules, includes forms of language contained in a report which refers to financial statements or other information, when such forms of language express or deny any assurance as to the reliability of the financial statements or other information to which it refers. Among the possible sources of such forms of language are pronouncements by authoritative bodies recognized by the Board describing the work that should be performed and/or the responsibilities that should be assumed, for specified kinds of professional engagements, and in addition prescribing the form of report which should be issued upon completion of such engagements. A form of report prescribed by such a pronouncement will ordinarily constitute a form of language which is conventionally understood as implying assurance and expertise;
- (r) “Resident manager” means a licensee designated by a firm to be responsible for an office location’s compliance with the Act and the rules of the Board. A resident manager may be the resident manager of multiple office locations. Each office location must have a CPA resident manager, with responsibility for that office, whether that manager is an owner in the firm or not.

**Authority:** T.C.A. §§62-1-103, 62-1-105, 62-1-105(e), 62-1-108, 62-1-111(a)(12), and Chapter No. 443 of the Public Acts of 1989, Sections 9 and 12. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed August 5, 1991; effective September 19, 1991. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed October 17, 2003; effective December 31, 2003.

#### **0020-1-.02 BOARD MEETINGS.**

- (1) The Board shall meet at least four (4) times each year. The chair or a quorum of the Board shall have the authority to call meetings of the Board. The Board shall follow and apply the rules of the Administrative Procedures Act of the State of Tennessee regarding notice and conduct of meetings.

**Authority:** T.C.A. §§62-1-105(e)(1); 62-1-111(a)(12) and Chapter No. 443 of the Public Acts of 1989, Sections 9 and 12. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed April 20, 1994; effective July 4, 1994. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999.

**0020-1-.03 BOARD OFFICERS.**

- (1) The Board shall elect annually from among its members a chair, vice-chair, secretary and such other officers as the Board may require. The officers shall assume the duties of their respective offices at the conclusion of the meeting at which they were elected.
- (2) The chair, or in the event of the chair's absence or inability to act, the vice-chair, shall preside at all meetings of the Board. The Board shall determine other duties of the officers.

**Authority:** T.C.A. §§62-1-105(e)(1) and 62-1-111. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed May 13, 1991; effective June 27, 1991. Amendment filed April 20, 1994; effective July 4, 1994. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999.

**0020-1-.04 FEES.**

- (1) Fees charged by the Board shall be as follows:
  - (a) Initial issuance of certificate One hundred dollars (\$100.00)
  - (b) Replacement certificate Twenty-five dollars (\$25.00)
  - (c) Renewal of certificate or registration (\$120.00) biennially  
Sixty dollars (\$60.00) per year or one hundred twenty dollars
  - (d) Initial firm permit Fifty dollars (\$50.00)
  - (e) Renewal of firm permit Fifty dollars (\$50.00) per year
  - (f) Penalty for late filing of permit, certificate or registration renewal application Fifty dollars (\$50.00) per year or part year
  - (g) Application for reinstatement Two hundred dollars (\$200.00), plus past due late fees and fifty dollar (\$50.00) penalty.
  - (h) Notification of intent to practice fee, sent to the Board and not the Board's designee under rule 0020-1-.13(a) Fifty dollars (\$50.00) per year or part year
  - (i) Change of address late fee Twenty-five dollars (\$25.00)

**Authority:** T.C.A. §§62-1-105 and 62-1-107. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed June 30, 1988; effective August 14, 1988. Amendment filed August 5, 1991; effective September 19, 1991. Amendment filed April 20, 1994; effective July 4, 1994. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006.

**0020-1-.05 APPLICATIONS.**

- (1) Applications to take the Certified Public Accountant Examination must be made on a form provided by the Board or its designee and filed with the Board or its designee by a due date specified by the Board or its designee in the application form. All applications for initial examination or reexamination shall be accompanied by the current fee being charged by the Board or such entity as is approved by the Board.
- (2) An application will not be considered filed until the application fee and examination fee required by these rules and all required supporting documents have been received, including proof of identity as determined by the Board and specified on the application form, official transcripts and proof that the candidate has satisfied the education requirement.
- (3) A candidate who fails to appear for the examination shall forfeit all fees charged for both the application and the examination.
- (4) The Board or its designee will forward notification of eligibility for the computer-based examination to NASBA's National Candidate Database.

**Authority:** T.C.A. §§62-1-105 and 62-1-106. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed August 5, 1991; effective September 19, 1991. Amendment filed April 20, 1994; effective July 4, 1994. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006.

**0020-1-.06 EXAMINATIONS.**

- (1) The examination required by T.C.A. §62-1-106(d) shall test the knowledge and skills required for performance as an entry-level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the Board may require.
- (2) Eligible candidates shall be notified of the time and place of the examination or shall independently contact the Board, or its designee, or a test center operator identified by the Board to schedule the time and place for the examination at an approved test site. Scheduling reexaminations must be made in accordance with (7)(a)(2) below.
- (3) The Board shall cause the examination for certification to be graded by the AICPA. The Board may recognize the grades assigned by the AICPA. Applicants may request a grade review if the Board permits such, and the applicant pays whatever administrative charges that are assessed for a grade review.
- (4) A candidate shall be required to pass all test sections of the examination provided for in T.C.A. § 62-1-106(d) in order to qualify for a certificate. The uniform passing grade shall be established through a psychometrically acceptable standard-setting procedure and approved by the Board.
- (5) The notification given to the exam candidate regarding the grades and requirements that the candidate must achieve to pass a particular exam shall govern the grading of that exam.
- (6) All examination candidates who took a written examination prior to April, 2004 shall be required to pass all sections of the examination provided for in T.C.A. §62-1-106(d), in order to qualify for a certificate.
- (7) The following shall apply to the computer-based Uniform CPA Examination:
  - (a) Candidates may take the required test sections individually and in any order. Credit for any test section(s) passed shall be valid for six (6) three-month exam cycles, without having to attain a

(Rule 0020-1-.06, continued)

minimum score on any failed test section(s) and without regard to whether the candidate has taken the remaining test sections.

1. Candidates must pass all four (4) test sections of the Uniform CPA Examination within the next six (6) three-month exam cycles.
  2. Candidates cannot retake a failed test section(s) in the same examination window. An examination window refers to a three-month cycle in which candidates have an opportunity to take the CPA examination (comprised of two (2) months in which the examination is available to be taken and one (1) month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed). Candidates may take the examination for two (2) out of the three (3) months within an examination window.
  3. In the event a candidate does not pass all four (4) test sections of the Uniform CPA Examination within the next six (6) three-month cycles, credit for any test section(s) passed outside the six (6) three-month cycles will expire and that test section(s) must be retaken.
- (b) Candidates having earned conditional credits on the written examination, as of the start date of the computer-based Uniform CPA Examination, will retain conditional credits. "Conditional credits" means credits earned by a candidate from the written exam that are credited toward the computerized exam. The following conditional credits are for the corresponding test sections of the computer-based CPA examination:

<u>Written Examination</u>		<u>Computer-Based Examination</u>
Auditing	=	Auditing and Attestation
Financial Accounting and Reporting (FARE)	=	Financial Accounting and Reporting (FAR)
Accounting and Reporting (ARE)	=	Regulation (REG)
Business Law and Professional Responsibilities (LPR)	=	Business Environment and Concepts (BEC)

1. A candidate who has attained conditional credits as of the start date of the computer-based Uniform CPA Examination will be allowed a transition period to complete any remaining test sections of the CPA examination. The transition is the maximum number of opportunities that candidates who have attained conditional credits under the written examination have remaining, at the launch of the computer-based examination, to complete all remaining test sections, or the number of remaining opportunities under the written examination, multiplied by six (6) months, whichever is first exhausted.
2. If a candidate with conditional credits does not pass all remaining test sections during the transition period, the conditional credits earned under the paper-and-pencil examination will expire and the candidate will lose credit for the test sections earned under the paper-and-pencil examination. Any test section(s) passed during the transition period is subject to the conditional provisions indicated in this section. However, a candidate with conditional credits will not lose credit for a test section of the computer-based

(Rule 0020-1-.06, continued)

examination that is passed during the transition period, even though more than six (6) three-month cycles may have elapsed from the date the test section is passed, until the end of the transition period.

- (c) A candidate shall retain credit for any and all test sections of an examination passed in another state if such credit would have been given, under then applicable requirements, if the candidate had taken the examination in this state.
  - (d) The Board may in particular cases extend the term of conditional credit notwithstanding the requirements of these rules, upon a showing that the credit was lost by reason of circumstances beyond the candidate's control.
  - (e) A candidate shall be deemed to have passed the Uniform CPA Examination once the candidate holds at the same time valid credit for passing each of the four (4) test sections of the examination. For purposes of this section, credit for passing a test section of the computer based examination is valid from the actual date of the testing event for that test section, regardless of the date the candidate actually receives notice of the passing grade.
- (8) An applicant may be required to pass an examination covering the rules of ethics and professional conduct promulgated by the Board. Such examination may be part of the examination required in T.C.A. § 62-1-106(d) or may be a separate examination.
  - (9) The Board may provide for a third party administering the examination to charge each applicant a fee for each section of the examination or reexamination taken by the applicant.
  - (10) The candidate shall schedule each test section with the Board or its designee and pay a candidate testing fee that includes the actual fees charged by the AICPA, NASBA, and the Test Delivery Service Provider.
  - (11) Notwithstanding any other provisions under these rules, the Board may postpone scheduled examinations, release of grades, or the issuance of certificates due to a breach of examination security, unauthorized acquisition or disclosure of the contents of an examination, suspected or actual negligence, errors, omissions, or irregularities in conducting an examination, or for any other reasonable cause or unforeseen circumstance.

**Authority:** T.C.A. §§62-1-105 and 62-1-106. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed June 3, 1983; effective July 5, 1983. Amendment filed April 20, 1994; effective July 4, 1994. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed January 24, 2003; effective April 9, 2003. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006.

#### **0020-1-.07 CHEATING.**

- (1) Cheating by a candidate in applying for, taking or subsequent to the examination invalidates any grade otherwise earned by a candidate on any test section of the examination, and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.
- (2) For purposes of this rule, the following actions or attempted activities, among others, may be considered cheating:
  - (a) Falsifying or misrepresenting educational credentials, candidate identification, or other information required for admission to the examination;

(Rule 0020-1-.07, continued)

- (b) Communication between candidates inside or outside the test site or copying another candidate's answers while the examination is in progress;
  - (c) Communication with others inside or outside the test site while the examination is in progress;
  - (d) Substitution of another person to sit in the test site instead of a candidate;
  - (e) Reference to crib sheets, text books or other material or electronic media (other than that provided to the candidate as part of the examination) inside or outside the test site while the examination is in progress;
  - (f) Violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so;
  - (g) Retaking or attempting to retake a test section by an individual holding a valid certificate or by a candidate who has unexpired credit for having already passed the same test section, unless the individual has been directed to retake a test section pursuant to Board order or unless the individual has been expressly authorized by the Board to participate in a "secret shopper" program.
- (3) In any case where it appears that cheating has occurred or is occurring, the Board or its representatives may either summarily expel the candidate involved from the examination or move the candidate to a position in the test center away from other examinees where the candidate can be watched more closely.
- (4) In any case where the Board believes that it has evidence that a candidate has cheated on the examination, including those cases where the candidate has been expelled from the examination, the Board shall conduct an investigation and may conduct a hearing following the examination session for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such proceedings, the Board shall decide:
- (a) Whether the candidate shall be given credit for any portion of the examination completed in that session; and
  - (b) Whether the candidate shall be barred from taking the examination, and if so, for what period of time.
- (5) In any case where the Board or its representative permits a candidate to continue taking the examination, it may, depending on the circumstances:
- (a) Admonish the candidate;
  - (b) Keep a record of the candidate's seat location and identifying information, and the names and identifying information of the candidates in close proximity of the candidate;
  - (c) Notify the National Candidate Database and the AICPA and/or the test center of the circumstances, so that the candidate may be more closely monitored in future examination sessions.

(Rule 0020-1-.07, continued)

- (6) In any case where a candidate is refused credit for any part of the examination taken, or is disqualified from taking other parts, the Board shall provide the candidate with a written statement containing its findings.
- (7) In any case in which a candidate is refused credit for any test section of an examination taken, disqualified from taking any test section, or barred from taking the examination in the future, the Board will provide to the Board of Accountancy of any other state to which the candidate may apply for the examination, information as to the Board's findings and actions taken.

**Authority:** T.C.A. §62-1-105. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed May 13, 1991; effective June 27, 1991. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006.

#### **0020-1-.08 RENEWAL OF LICENSES.**

- (1) Each holder of a certificate as a certified public accountant or a registration as a public accountant shall be required to renew such certificate or registration biennially.
- (2) An individual or firm choosing not to renew his, her or its license shall notify the Board of his, her or its intention prior to the expiration of that license, and shall surrender the license to the Board immediately upon its expiration.
- (3) Applications for the renewal of certificates and registrations pursuant to the Act shall be made on a form provided by the Board and shall be filed no later than the expiration date set by these rules. Applications will not be considered filed until the applicable fee prescribed in these rules is received.
- (4) Applications for renewal of certificates or registrations shall be accompanied by evidence satisfactory to the Board that the applicant has complied with the continuing professional education requirements under T.C.A. § 62-1-107(d) and Chapter 0020-5 of the Board's rules.
- (5) The Board may request additional evidence from licensees for continuing professional education requirements including continuing professional education audits (which require CPE course completion documentation). Listings of CPE courses on renewal forms are required; however, the listings are not considered evidence for this rule.
- (6) Licensees that renew more than thirty-one (31) days but less than three (3) months following their expiration date will be assessed a late penalty.
- (7) Licensees that renew more than three (3) months but less than one (1) year after their expiration date will be assessed an additional late penalty.
- (8) Licenses not renewed within (1) year of the expiration date shall be deemed to have lapsed. Any individual desiring to reinstate a lapsed license shall comply with the requirements of paragraph four (4) of this rule and paragraph six (6) of rule 0020-5-.03. The CPE hours required to be completed to reinstate a lapsed license are considered penalty hours and may not be used to offset the CPE hours required for renewal of a license.

**Authority:** T.C.A. §§ 62-1-105, 62-1-107 and 56-1-302. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed May 13, 1991; effective June 27, 1991. Amendment filed April 20, 1994; effective July 4, 1994. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003.



(Rule 0020-1-.08, continued)

*Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendment filed March 13, 2007; effective May 27, 2007.*

**0020-1-.09 DENIAL OF CERTIFICATE.**

- (1) An applicant denied a certificate shall be notified in writing by the Board of such denial and the reasons therefore. Such applicant may request an appearance before the Board to reconsider such denial at its next scheduled meeting. Such request shall be sent to the Executive Director within thirty (30) days of the date of the notice of denial.

**Authority:** T.C.A. §§62-1-105 and 62-1-111(a)(12). **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Repeal and new rule filed June 10, 1999; effective August 24, 1999.

**0020-1-.10 REINSTATEMENT OF REVOKED OR SUSPENDED LICENSES.**

- (1) A certified public accountant or public accountant whose license has been revoked or suspended and who wishes to reinstate the license shall submit to the Board an application for reinstatement of such license accompanied by the appropriate fee.
- (2) Such application shall consist of a signed and acknowledged petition which shall set forth in full the circumstances surrounding the revocation or suspension of the applicant's license, the applicant's reasons for seeking reinstatement, and any other information the applicant wishes to bring to the attention of the Board.
- (3) Such application shall be submitted to the Board at its next meeting and evaluated and reviewed for presentation at the following meeting.
- (4) In considering an application the Board may consider all activities of the applicant since the revocation or suspension was imposed, the offense for which the applicant was disciplined, the applicant's activities during the time the license was in good standing, the applicant's rehabilitative efforts, the applicant's restitution to damaged parties in the matter for which the discipline was imposed, and the applicant's general reputation for truth and professional probity. The Board may also question the applicant, complainant or individual injured by the applicant.
- (5) After consideration of the applicant's petition, the Board may in its sound discretion reinstate any revoked or suspended license. The Board shall notify such applicant of its decision in writing.
- (6) The Board may impose appropriate terms and conditions for reinstatement of a license or modification of a revocation, suspension or probation.
- (7) No application for reinstatement will be considered while the applicant is under sentence for any criminal offense, including any period during which the applicant is on court imposed probation or parole.
- (8) A certified public accountant or public accountant whose license has been suspended must meet all continuing professional education and renewal fee requirements during the term of the suspension.

**Authority:** T.C.A. §§62-1-105, 62-1-107 and 62-1-118. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed August 15, 2006; effective October 29, 2006.

(Rule 0020-1-.11, continued)

**0020-1-.11 APPLICATION AND RENEWAL OF CPA AND PA FIRM PERMITS.**

- (1) Each CPA and/or PA firm providing accounting services or engaged in the practice of public accountancy in this state as a sole proprietorship, partnership or corporation of certified public accountants and/or public accountants shall obtain a permit from the Board for each office location for the ensuing calendar year. Applications for initial issuance and for renewal of permits shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no earlier than two (2) months prior to and no later than the expiration date.
- (2) All CPA and PA firm permits shall expire annually on December 31. Initial applications and renewals will not be considered filed until the applicable fee and all required documents prescribed in these Rules are received by the Board. If an application for renewal is filed late, it shall also be accompanied by the appropriate late renewal penalty.
- (3) Initial applications and renewals for each office location shall disclose the following information and shall be signed by the resident manager of the office location.
  - (a) The name of the firm;
  - (b) The firm's organizational structure;
  - (c) The address of the office location;
  - (d) The name and address of each individual with an equity or voting interest in the firm;
  - (e) A listing of the percentage of equity ownership and voting rights of each owner of the firm;
  - (f) The percentage of the firm's normal business hours that each non-CPA owner spends working at the firm;
  - (g) The name, address, and certificate number of each certified public accountant or public accountant employed at the office location;
  - (h) The name, address and certificate number of the resident manager of the office location;
  - (i) The name and certificate number of each person responsible for supervising or providing attest services as contemplated by T.C.A. § 62-1-108(c)(2). The firm's initial application must include a completed experience affidavit for each of these individuals; and
  - (j) The type of peer review program in which the firm participates along with proof of compliance in a manner acceptable to the board.
- (4) Every office location shall comply with the current statutes and rules of the Tennessee State Board of Accountancy.
- (5) This rule is applicable to offices located outside of this state where such offices are engaged in the practice of public accountancy as CPA firms in this state through any person(s) holding a reciprocal certificate.

**Authority:** T.C.A. §§62-1-105, 62-1-108, 62-1-111 and 62-1-113.. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed May 13, 1991; effective June 27, 1991. Amendment filed February 8, 1993; effective March 25, 1993. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and

(Rule 0020-1-.11, continued)

*new rule filed June 10, 1999; effective August 24, 1999. Amendment filed August 15, 2006; effective October 29, 2006.*

**0020-1-.12 NOTIFICATION OF FIRM CHANGES.**

- (1) Firms established pursuant to T.C.A. §§62-1-108 and/or 62-1-109 shall file with the Board a written notification of any of the following events concerning the practice of public accountancy within this State within thirty (30) days after its occurrence:
  - (a) Formation of a new firm;
  - (b) Addition of a partner, member or shareholder;
  - (c) Retirement, withdrawal or death of a partner, member, manager or shareholder;
  - (d) Any change in the name of the firm;
  - (e) Dissolution of the firm;
  - (f) Change in the management of any office location registered in this State;
  - (g) Establishment of a new office location providing accounting services in this state or the closing or change of address of an office location registered in this State; and
  - (h) The occurrence of any event or events which would cause such firm not to be in conformity with the provisions of the Act or these Rules.

**Authority:** T.C.A. §§62-1-105, 62-1-108, 62-1-111 and 62-1-113. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Repeal filed December 1, 1987; effective January 15, 1988. Original rule filed June 10, 1999; effective August 24, 1999. Amendment filed August 15, 2006; effective October 29, 2006.

**0020-1-.13 INTERSTATE PRACTICE.**

- (1) These rules provide two distinct routes for an individual already licensed in another state to be authorized to practice in this state. The applicable route depends upon whether the individual will establish a principal place of business in this state. An individual establishing a principal place of business in this state may qualify for a reciprocal license if the applicant has met the requirements of T.C.A. §62-1-107. An individual with a principal place of business in another state may offer or render services in this state if the applicant has met the requirements of T.C.A. §62-1-117.
- (2) Fees
  - (a) An individual intending to practice public accountancy in Tennessee under T.C.A. §62-1-117 shall make application and file a notice of such intent with the Board's designee, NASBA. The application shall be accompanied by the applicable nonrefundable fee.-
  - (b) Alternatively, an individual CPA may choose to file a notification form with the Board office stating the intent to practice public accountancy in Tennessee. The individual CPA must be in good standing and licensed in any other state. The CPA may practice in this manner as long as the individual does not reside in Tennessee and pays the Board an annual fee as determined by the Board. Such individual shall comply with the law and rules of Tennessee and is subject to disciplinary action by the Board. Each notice shall be accompanied by a nonrefundable fee of fifty dollars (\$50.00).

(Rule 0020-1-.13, continued)

- (c) An application for a reciprocal certificate shall be accompanied by a nonrefundable fee of one hundred dollars (\$100.00).
  - (d) The fee for issuance of an initial reciprocal certificate shall be one hundred dollars (\$100.00).
  - (e) The fee for biennial renewal of a reciprocal certificate shall be one hundred twenty dollars (\$120.00).
- (3) Holders of reciprocal certificates shall comply with the continuing education requirements contained in Chapter 0020-5, and shall comply with all other requirements of the statutes and rules governing the practice of public accountancy within the State of Tennessee.

**Authority:** T.C.A. §§62-1-105, 62-1-107, 62-1-110, 62-1-111, 62-1-113, 62-1-114, and 62-1-117. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed May 13, 1991; effective June 27, 1991. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed August 15, 2006; effective October 29, 2006

**0020-1-.14 INTERNATIONAL RECIPROCITY.**

- (1) The Board may designate a professional accounting credential issued in a foreign country as substantially equivalent to a CPA certificate.
  - (a) The Board may rely on the International Qualifications Appraisal Board for evaluation of foreign credential equivalency.
  - (b) The Board may accept a foreign accounting credential in partial satisfaction of its domestic credentialing requirements if:
    - 1. the holder of the foreign accounting credential met the issuing body's education requirement and passed the issuing body's examination used to qualify its own domestic candidates; and
    - 2. the foreign credential is valid and in good standing at the time of application for a domestic credential.
- (2) The Board may satisfy itself through qualifying examination(s) that the holder of a foreign credential deemed by the Board to be substantially equivalent to a CPA certificate possesses adequate knowledge of U.S. practice standards and the Board's regulations. The Board may rely on the National Association of State Boards of Accountancy, the American Institute of Certified Public Accountants, or other professional bodies to develop, administer, and grade such qualifying examination(s). The Board will specify the qualifying examination(s) and process by policy.
- (3) An applicant for renewal of a CPA certificate originally issued in reliance on a foreign accounting credential shall:
  - (a) Make application for renewal at the time and in the manner prescribed by the Board for all other certificate renewals;
  - (b) Pay such fees as are prescribed for all other certificate renewals;

(Rule 0020-1-.14, continued)

- (c) If the applicant has a foreign credential in effect at the time of the application for renewal of the CPA certification, he/she must present documentation from the foreign accounting credential issuing body that the applicant's foreign credential has not been suspended or revoked and the applicant is not the subject of a current investigation. If the applicant for renewal no longer has a foreign credential, the applicant must present proof from the foreign credentialing body that the applicant for renewal was not the subject of any disciplinary proceedings or investigations at the time that the foreign credential lapsed; and
  - (d) Either show completion of continuing professional education substantially equivalent to that required under rule 0020-5-.03 within the two (2) year period preceding renewal application, or petition the Board for complete or partial waiver of the CPE requirement based on the ratio of foreign practice to practice in this State.
- (4) The holder of a CPA certificate issued in reliance on a foreign accounting credential shall report any investigations undertaken, or sanctions imposed, by a foreign credentialing body against the CPA's foreign credential.
  - (5) Suspension or revocation of, or refusal to renew, the CPA's foreign accounting credential by the foreign credentialing body may be evidence of conduct reflecting adversely upon the CPA's fitness to retain the certificate and may be a basis for Board action.
  - (6) Conviction of a felony or any crime involving dishonesty or fraud under the laws of a foreign country is evidence of conduct reflecting adversely on the CPA's fitness to retain the certificate and is a basis for Board action.
  - (7) The Board shall notify the appropriate foreign credentialing authorities of any sanctions imposed against a CPA.
  - (8) The Board may participate in joint investigations with foreign credentialing bodies and may rely on evidence supplied by such bodies in disciplinary hearings.

**Authority:** T.C.A. §§62-1-105; 62-1-107; 62-1-111(a)(12) and 62-1-111(a)(14). **Administrative History:** Original rule filed May 13, 1991; effective June 27, 1991. Repeal filed August 2, 1996; effective October 16, 1996. Original rule filed June 10, 1999; effective August 24, 1999.

**0020-1-.15 REPEALED.**

**Authority:** T.C.A. §§62-1-105; 62-1-111 and 62-1-124. **Administrative History:** Original rule filed May 11, 1995; effective July 24, 1995. Repeal filed June 10, 1999; effective August 24, 1999